



PROTECTING MONTANANS THROUGH INSURANCE AND SECURITIES REGULATION

## Montana State Auditor's Office

### Health Insurance Market & Coverage Innovations



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Montana State Auditor



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## Annual Insurance Dollar Figures

- On Average, Montanans pay \$3.5 billion per year for premiums across all lines of insurance
- The State of Montana collected about \$59.7 million in premium taxes in 2006



### Insurance is **BIG** Business!



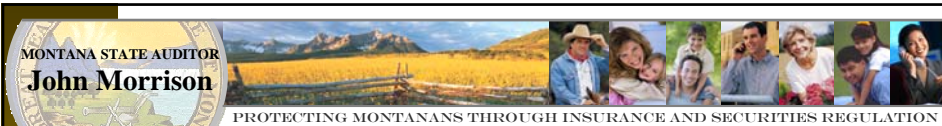
## \$596,844,267 in Health Premiums

- 333 Licensed Accident and Health Insurers
- Estimated \$20,462,505 in premium taxes collected in 2006 (Health and Accident)
  - Premium tax: 2.75% of premium written
  - Health Service Corporations Exempt
  - Medicare Supplement premiums written Exempt



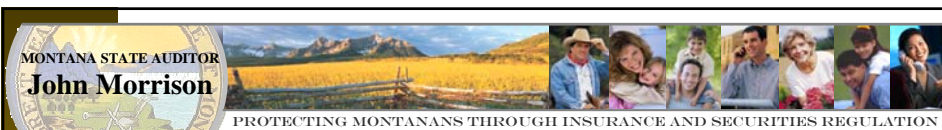
## Top 5—Group Health Carriers

COMPANY NAME	DOM.	GROUP POLICIES	MARKET SHARE %
BCBS OF MT	MT	\$273,252,393	50.168531%
NEW WEST HEALTH SERVICES	MT	\$53,617,071	9.843975%
UNITED HEALTHCARE INS CO	CT	\$36,936,520	6.781463%
TIME INS CO	WI	\$25,919,877	4.758832%
JOHN ALDEN LIFE INS CO	WI	\$25,767,853	4.730920%



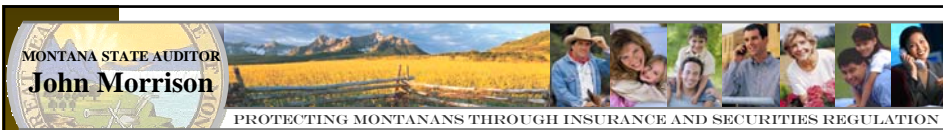
## Top 5—Individual Carriers 2006

COMPANY NAME	DOM.	DIRECT PREMIUMS WRITTEN	MARKET SHARE %
BCBS OF MT	MT	\$52,684,058	43.426413%
HUMANA INS CO	WI	\$52,459,619	43.241413%
STATE FARM MUT AUTO INS CO	IL	\$5,923,111	4.882302%
NEW WEST HEALTH SERVICES	MT	\$5,590,106	4.607812%
FIRST HEALTH LIFE & HEALTH INS CO	TX	\$1,142,037	0.941358%



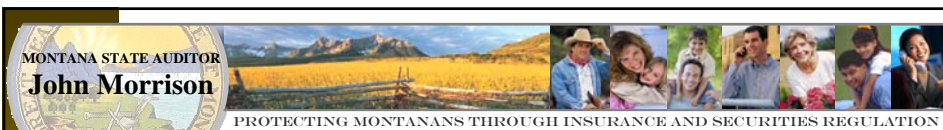
## Top 5—Combined 2006

BCBS OF MT	MT	\$479,873,108	47.496219%
NEW WEST HEALTH SERVICES	MT	\$69,803,995	6.908964%
HUMANA INS CO	WI	\$52,606,347	5.206798%
UNITED HEALTHCARE INS CO	CT	\$36,960,696	3.658245%
TIME INS CO	WI	\$33,672,161	3.332757%



## Insure Montana

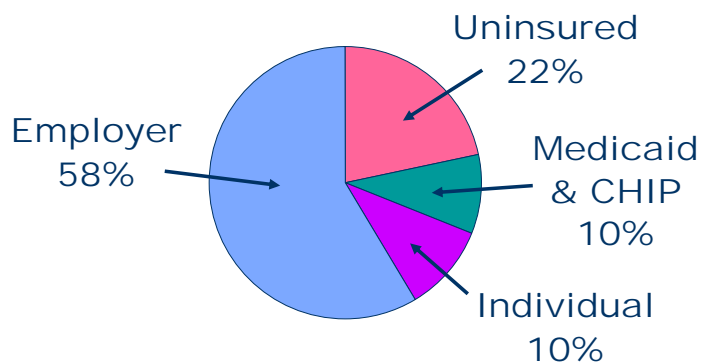
- How Insure Montana has worked to decrease the number of uninsured...



## Montana's Population at a Glance:

- One in five Montanans, or about 170,000 residents, have no health insurance.
- 53% of Montana's uninsured population works for a small business.
- 80% of small firms not offering insurance would do so if they could afford the premiums.

## Insurance Coverage of Montanans:



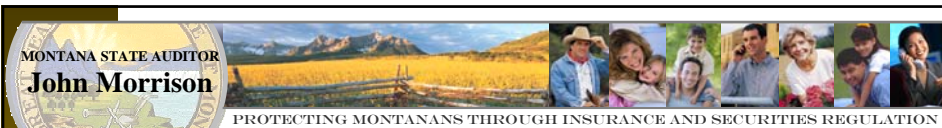
Source: Bureau of Business and Economic Research, State Planning Grant, June, 2003

## Why Focus on Small Businesses?

- **Montana's Uninsured Are:**

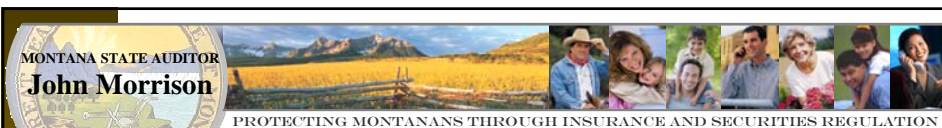
- Adults +25 years of age→67%
- 37,000 children
- High school degree or higher→92%
- Middle Income→45%
- Employed→77%
- Self-Employed or work for firms<10 employees→60%

Source: Bureau of Business and Economic Research, State Planning Grant, June, 2003



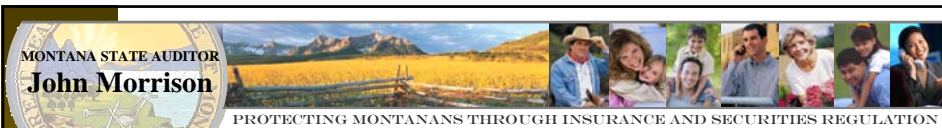
## Insure Montana: Uniquely Funded

- Funded by a \$1 per pack cigarette tax passed by voters as a ballot initiative in the fall of 2004, the program helps provide health insurance for more than 10,000 Montanans.
- Cigarette taxes generate approximately \$70 million annually in Montana.
- Less than 15% of the total cigarette tax revenue is directed towards Insure Montana.
- Insure Montana was allocated \$13 million dollars for the first two years. (FY 2006, 2007)
- For the current biennium \$22 million dollars have been allocated (FY 2008, 2009)



## Insure Montana Eligibility:

- Businesses with 2-9 full time employees where no employee earns more than \$75,000 (excluding the owner) meet the initial criteria.
- In order to be eligible for the Purchasing Pool, a business must NOT have offered group health insurance in the past 24 months.
- Purchasing Pool participants receive monthly employer incentive payments and employee assistance payments
- In order to be eligible for a Tax Credit, a business must currently pay some or all of the cost of group health insurance for their employees. The program also provides additional Tax Credits when employers pay insurance premiums for the employee's spouse or their dependents.



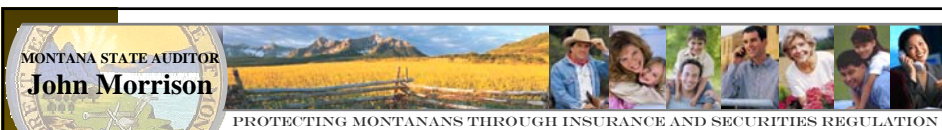
## Insure Montana Implementation:

### Purchasing Pool

- Coverage began Jan. 1, 2006
- 785 previously uninsured businesses enrolled
- 5,500 lives covered
- Average monthly assistance amount: \$158 (per employee)
- Average monthly incentive amount: \$203 (per employer)
- Funding currently exhausted

### Tax Credits

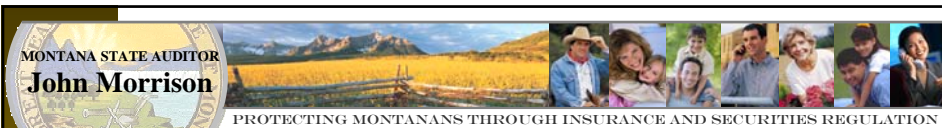
- Credit effective Jan. 1, 2006
- 805 businesses enrolled
- 5,100 lives covered
- Average yearly tax credit: \$5,405



## Insure Montana Governing Board:

- Insure Montana has a Governing Board consisting of 7 members
  - 3 members are appointed by the Commissioner
  - 5 members are appointed by the Governor
- Insure Montana Mission Statement:
  - Increase the well-being of all Montanans by enabling access to comprehensive healthcare for the members of the small business workforce and their families.





## Incentive & Assistance Payments:

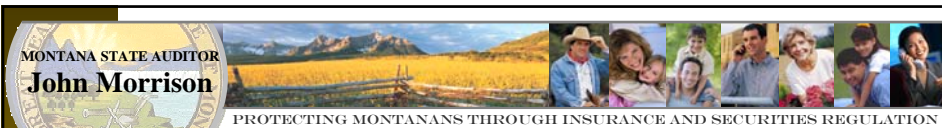
- Employer Premium Incentive Payment: Employer receives a monthly incentive payment for a portion of their financial contribution towards the premium
- Employee Premium Assistance Payment: Individual employee receives a monthly assistance payment to help pay the cost of the premium, based on household income
  - Employees can receive anywhere from 20%- 90% assistance on their share of the premium
  - Additional assistance is provided if an employee is covering dependents



## Insure Montana Examples:

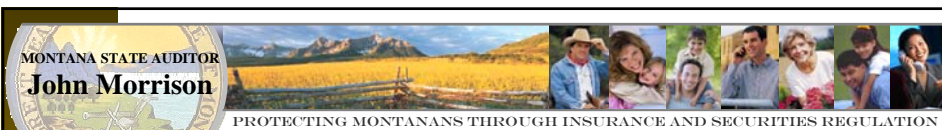
- Employee #1: Single Coverage, 35-39
  - **Total Monthly Premium: \$214.74**
  - Employer contribution: \$107.37
  - Employer incentive payment: \$53.69
  - Employee contribution: \$107.37
  - Employee assistance: \$64.42 (60%)
  - Employee total: \$42.95
- Employee #2: Family+ Child, 35-39
  - **Total Monthly Premium: \$742.07**
  - Employer contribution: \$152.78
  - Employer incentive: \$76.39
  - Employee contribution: \$589.29
  - Employee assistance: \$471.43 (80% assistance)
  - Employee total: \$117.86





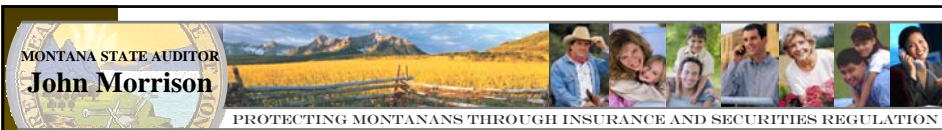
## Benefits of Pool Coverage:

- Coverage available through Blue Cross Blue Shield of MT
- Two comprehensive plans offered:
  - Standard Healthlink Plan:
    - \$1000/\$2000 Deductible
    - Coinsurance 70/30
    - 2 office visits paid at 100%
    - Preventative Benefits paid at 70%
    - Dental coverage included- 2 cleanings per year
    - RX \$100 deductible
  - Premier Healthlink Plan:
    - \$500/1000 deductible
    - Coinsurance at 80/20
    - 2 office visits paid at 100%
    - Preventative Benefits paid at 80%
    - Dental coverage included- 2 cleanings per year
    - RX 0 deductible



## Success of Insure Montana:

- 785 previously uninsured businesses are enrolled in the purchasing pool; covering 5,500 lives
- 805 small businesses are receiving a tax credit through Insure Montana, covering 5,100 lives.
- Over 600 small businesses are on a waiting list to participate in the program, either through the purchasing pool or a tax credit.
- **A total of over 10,000 Montanans covered!**



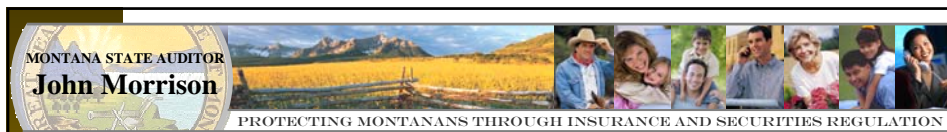
## Popularity of Insure Montana:

- Lee Newspapers Poll, reported on 12/20/06 showed:
  - A program that provides subsidies and income tax-breaks to help small businesses provide health insurance for employees (Insure Montana) was supported by 87% of those surveyed, while only 6% opposed an expansion and 7% were undecided.

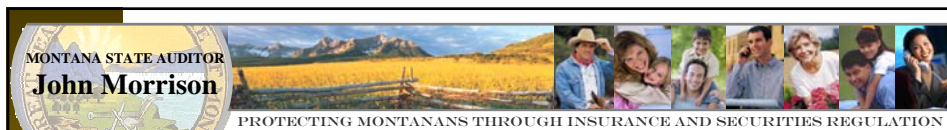


## Insure Montana Contact Info:

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Helena, MT 59601



**Website: [www.InsureMontana.org](http://www.InsureMontana.org)**



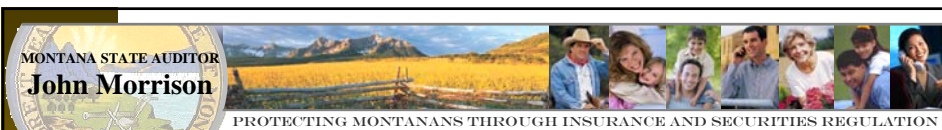
## **MT's High Risk Pool (MCHA)**

- MCHA is high risk pool that provides insurance to individuals unable to obtain insurance in the market
- Also the portability vehicle for the state
- Without MCHA, rates in the individual market would be much higher.
- Fewer companies would sell individual insurance if MT was guarantee-issue




## MCHA Premium Assistance Program

- State and Federal Subsidies pay 45% of the premium—must be 150% FPL or below.
- As of June, 2007, there were 233 enrolled
- There are about 50 available slots
- Tobacco Settlement Revenue for FY 08-09:
  - \$824,173 FY 08
  - \$925,614 FY 09



## Medical Trend—Insurance Costs

- Medical Trends in recent years have been high
- Insurance one part of the equation
- Health care costs increasing largely because the # of uninsured is increasing.
- Costs will go down when more people are covered.
- Healthier citizens should also cause decrease in healthcare costs.
- Better efficiencies (Health Info Technology) will also reduce costs



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## Health Care Reform...Connectors What MT Needs to Keep in Mind...

What works in Massachusetts may not work in Montana...

- MT has a much higher % of uninsured citizens...Massachusetts uninsured rate is only 12% (in 2004)
- Massachusetts was receiving \$385 in Medicaid waiver payments to help finance their reform—MT's HIFA waiver still pending

(Data from Center on Budget & Policy Priorities)



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## Health Care Reform...Connectors What MT Needs to Keep in Mind...

- Before Health Reform, Massachusetts Medicaid and CHIP programs had very high income eligibility compared to MT
- Massachusetts has guarantee issue in the individual market, MT does not
- MT has higher % of small business work force & different health care access (rural)

(Data from Center on Budget & Policy Priorities)



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## Health Care Reform...Connectors What MT Needs to Keep in Mind...

- Montana would need to make many more changes than Massachusetts had to in order to make the Connector model work.
- Connector without compulsory participation would significantly increase uninsured rate.